Sales and Use Tax - Mobile Telecommunications

Does Colorado state sales tax apply to mobile telecommunications?

Cellular Phone Services (Mobile Telecommunications): Colorado state sales tax does apply to intrastate mobile telecommunications such as cellular phones. Local taxes and special district taxes would also apply depending on the locality of where the customer resides or maintains a primary business. The company providing the service must charge and collect the sales tax from customers at the rate applicable for the service address. [§39-26-104(1)(c) C.R.S.] This is in accordance with the federal "Mobile Telecommunications Sourcing Act", 4 U.S.C. secs. 116 to 126.

Calling Cards: Prepaid cellular telephone calling cards are subject to Colorado state sales tax for intrastate calls. Generally, the monthly-itemized billed telephone service is taxed and the tax is collected by the service provider. Interstate calls are not subject to Colorado state sales tax.

Note: In mobile telecommunications the wireless carrier/provider will be held harmless against errors that might occur resulting from their use of a database certified by a state. There is no hold harmless for vendors that do not use the state-certified database after a period of time which allowed for converting the database. Additionally, if the state does not certify a vendor with a database, vendors would be held harmless if they employ a zip code of at least 9-digits and exercise due diligence.

See <u>Regulation (39-)26-104.1(c)(I)</u> (Telephone and telegraph service, mobile telecommunications, home service provider)

See related Telephone and Telegraph Services